

Message Text

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ACTION AID-59

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FM AMEMBASSY MOGADISCIO
TO SECSTATE WASHDC PRIORITY 6233

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JOINT STATE/AID MESSAGE

PASS AID/W

E.O. 11652: N/A
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SUBJ: SOMALI TITLE I PROGRAM

REFS: A) MOGADISCIO 0762; B) STATE 081129; C) MOGADISCIO 0549;
D) MOGADISCIO 1417

SUMMARY: THE GSDR ANTICIPATES A SUBSTANTIAL SHORTFALL IN EDIBLE OIL SUPPLIES DURING CALENDAR 1978. ALTHOUGH WILLING TO FOREGO SCHEDULED CORN DELIVERIES FOR OIL NOW, THE NEED LONG TERM FOR CORN STILL EXISTS

.
THE EMBASSY RECOMMENDS AN AMENDED TITLE ONE PROGRAM FOR 6,000 MT EDIBLE OIL FOR FY 78 AT A COST OF 4.6 MILLION DOLLARS. THE INCREASED PROGRAM IS JUSTIFIED ON THE BASIS OF NEED AND THE ADDITIONAL ECONOMIC ASSISTANCE WE HAVE OFFERED THE GSDR. RAPID DELIVERY OF OIL WOULD BE AN EARNEST OF OUR INTENT TO DEAL EXPEDITIOUSLY WITH THE GSDR'S PRESSING PROBLEMS.

1. DESIRED DELIVERY SCHEDULE FOR 25,000 MT WHEAT UNDER CURRENT PRO-LIMITED OFFICIAL USE

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GRAM WAS TRANSMITTED REF A). GSDR REQUESTS THAT WHEAT SHIPMENT COMPOSITIONS BE 18,750 MT OF H.R.W. AND 6,250 MET OF S.R.W. TO MINIMIZE FREIGHT COSTS, GSDR REQUESTS, TO EXTENT POSSIBLE, THAT SHIPMENTS BE LOADED ON ONE VESSEL FOR EACH DELIVERY PERIOD. PORT OF DESTINATION MOGADISCIO.
2. GSDR HAS REQUESTED ENTIRE 5,000 MT RICE SPECIFYING PARBOILED,

LONG GRAIN 5 PERCENT - 10 PERCENT BROKENS, TO BE SHIPPED DURING JUNE OR EARLY JULY. BASED ON COMMODITIES AND PRICING INFORMATION CONTAINED REF B), WE ADVISED RICE CURRENTLY AVAILABLE WULD BE LONG GRAIN AT APPROXIMATELY 369 DOLLARS/MT WITH 20 PERCENT BROKEN WHICH WAS ACCEPTED. PORT OF DESTINATION MOGADISCIO.

3. DURING OUR DISCUSSIONS OVER LAST FEW DAYS, GSDR ALSO ADVISED THAT THERE WAS CRITICAL SHORTAGE OF EDIBLE OILS. THEY ANTICIPATE TOTAL COMMERCIAL DEMAND IN 1978 FOR URBANIZED AREAS TO BE APPROXIMATELY 20,000 MT, UP 2,6000 MT OVER 1977 TOTAL OF 17,412 MT. AS OF APRIL 26TH, STOCKS ON HAND BEGINNING OF YEAR AND NEW IMPORTS SINCE AMOUNTED TO 6,668.65 MT. BASED ON 1977 CONSUMPTION OF 1,400 MT PER MONTH, GSDR HAS ON HAND ESTIMATED 1,168 MT OR LITTLE LESS THAN ONE MONTH'S SUPPLY OF OIL.

4. EDIBLE OIL SHORTAGE PROBLEM HAS BEEN DISCUSSED WITH WFP AND EEC COLLEAGUES AND THEY CONFIRMED SHORTAGE AND EEC REPRESENTATIVE WILL CABLE BRUSSELS FOR IMMEDIATE SHIPMENT 1977 CONFIRMED AGREEMENT OF 1,600 MT WHICH HAS BEEN HELD IN ABEYANCE AND FURTHER 500 MT PROGRAMMED FOR 1978.

5. REVIEW OF INFORMATION PROVIDED BY GSDR REVEALS CURRENT SITUATION FOR EDIBLE OIL TO BE AS FOLLOWS:

1978 ANTICIPATED REQUIREMENT	20,000 MT
1978 COMMERCIAL IMPORTS	11,000 MT
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1977/78 EEC AID	2,100 MT
1978 DEFICIT	6,900 MT

WE HAVE ASSUMED COMMERCIAL IMPORTS FOR 1978 WILL BE AT SAME LEVEL OF 1977 ALTHOUGH THEY PROBABLY WILL BE LOWER DUE GSDR SERIOUS FOREIGN EXCHANGE DIFFICULTIES. TO MEET PART OF SHORTFALL, GSDR HAS PROPOSED THAT 2727 MT EDIBLE OILS BE SUBSTITUTED FOR 20,000 MT CORN/SORGHUM PROVIDED UNDER CURRENT AGREEMENT. 2727 MT FIGURE IS BASEE ON DOLLAR VALUE OF CORN"SORGHUM DOLS 2.1 MILLION SUBSTITUTING OIL AT DOLS 770 MT. EVEN WITH SUBSTITUTION, SHORTFALL WOULD BE 4,273 MT. HOWEVER, DEFICIT DOES NOT TAKE INTO ACCOUNT 2,600 MT ANTICIPATED INCREUSE IN DEMAND IN 1978 NOTED IN PARA 3 OR PROVIDE FOR END OF YEAR RESERVE, ONE MONTH MINIMUM WOULD BE 1,700 MT BASED ON 1978 REQUIREMENTS. THERE IS ALSO LIKELY TO BE ADDITIONAL REQUIREMENT FOR REFUGEES. REVIEWING SITUATION WITH WFP AND EEC, THEY ADVISE THEY WOULD BE UNABLE ASSIST WITH ADDITIONAL OIL DELIVERIES FOR 1978 OTHER THAN EEC 2,100 MT.

6. GSDR PROPOSAL OF CORN/SORGHUM SUBSTITUTION FOR OIL REFLECTS SERIOUSNESS THEY VIEW OIL SHORTAGE PROBLEM. WHILE CONFIRMING CONTINUING NEED FOR CORN, THEIR IMMEDIATE CONCERN IS FOR OIL, REF D)

ESTIMATED 1978 CORN IMPORT REQUIREMENT AT 60,000 MT. THEY ARE ALSO PROBABLY BANKING ON MORE FAVORABLE CORN/SORGHUM HARVEST AS RESULT GOOD RAINS, THUS ALLOWING THEM TO POSTPONE DEALING WITH EXPECTED CORN SHORTFALL UNTIL LATER IN YEAR.

7. RATHER THAN BE PRESENTED WITH SUBSEQUENT GSDR EMERGENCY REQUEST FOR CORN, EMBASSY/USAID RECOMMENDS AMENDMENT OF CURRENT AGREEMENT TO PROVIDE UP TO 6,000 MT TO ASSIST IN MEETING SHORTFALL AND TRUSTING TO OTHER SOURCES FOR BALANCE, OR REDUCTION IN CONSUMPTION. IN REF D), PROPOSAL FOR TITLE I ASSISTANCE FOR SOMALIA, WE RECOMMEND 10,000 MT OF EDIBLE OIL. OUR RESPONSE REGARDING POSSIBLE EXPANSION OF ECONOMIC/HUMANITARIAN ASSISTANCE FOR SOMALIA, REF C), PROPOSED INCREASE OF TITLE I ASSISTANCE FROM DOLS 7.0 MILLION TO DOLS 10.0 MILLION FOR LIMITED OFFICIAL USE

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FY 78 AND ADDITIONAL DOLS 7.0 .8))89, 8, *6 79.

8. THE EMBASNH BELIEVES THE RECOMMENDED INCREASE IN ECONOMIC ASSISTANCE IS JUSTIFIED ON THE BASIS OF THE POSITIVE RESPONSE WE HAVE HAD (SEPTELS) FROM POLITICAL LEVELS IN THE GSDR TO OUR RECENT REQUESTS. THE DEPARTMENT WILL RECALL THAT SPECIAL EMISSARY MOOSE DISCUSSED ADDITIONAL ECONOMIC ASSISTANCE DURING HIS MISSION HERE. IF WE ARE ABLE TO MOVE QUICKLY TO MEET THIS PRESSING SHORTFALL, IT WILL BE A VALID DEMONSTRATION TO THE GSDR THAT OUR PROFFERED FRIENDSHIP AND CONCERN FOR HUMANITARIAN NEED IS EXPRESSED IN DEEDS AND NOT WORDS ALONE. THE ADVANTAGE OF RAPID MOVEMENT IN THE ECONOMIC AREA, WHILE WE MAY NOT BE ABLE TO BE AS QUICK TO RESPOND IN OTHER AREAS OF PERCEIVED SOMALI NEED, IS EVIDENT.

DECONTROL APRIL 27, 1979
LOUGHRAN

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